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BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268-0001

VALASSIS NSA	Docket No. MC2012-14
VALASSIS NSA	Docket No. R2012-8

NEWSPAPER ASSOCIATION OF AMERICA RESPONSE TO NOTICE OF INQUIRY NO. 1

(June 29, 2012)

The Newspaper Association of America ("NAA") respectfully submits this response to Commission Notice of Inquiry No. 1. NAA submits that, for the reasons stated herein and in its Opposition filed on May 23, 2012, the Commission should reject the Postal Service negotiated services agreement ("NSA") with Valassis because it would cause unreasonable marketplace disruption; would result in net financial harm to the Postal Service, and would be unreasonably discriminatory in violation of Section 403(c).

NAA and newspapers are responding to the NOI to assist the Commission in understanding the real-world market impact of the proposed NSA on advertising markets across the nation, on newspapers' ability to serve their communities, and on the real-world net financial impact on the Postal Service. However, it is the responsibility of the Postal Service to demonstrate compliance with the law; not of newspapers to demonstrate non-compliance.

The responses hereto are in addition to the comments filed by many newspapers from across the nation that pointed out how the proposed NSA

would cause unreasonable disruption to the market for the distribution of preprinted advertising inserts and cause a net financial loss to the Postal Service. Many of those comments have already provided specific information regarding the amount of revenue put at risk by the NSA and regarding the amount of current TMC postage that the Postal Service stands to lose from newspapers if the NSA were approved. Newspapers have filed additional information in response to the NOI.

Questions in the NOI addressed to interested parties and opponents of the NSA are set forth and answered below. In addition, NAA is submitting simultaneously herewith a Declaration by Jim Conaghan, NAA's Vice President, Research and Industry Analysis, relating to a recent survey conducted by NAA, the details of which is submitted under seal pursuant to a request for nonpublic treatment.

Respectfully submitted,

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1. Pursuant to 39 U.S.C. 3622(c)(10)(B), the Commission must determine if the Valassis NSA would "cause unreasonable harm to the marketplace." Please identify the relevant marketplace concerning the Valassis NSA. Include a statement of supporting justification.

Response:

For the purpose of the Section 3622(c)(10)(B) analysis, the relevant marketplace is the U.S. market for the distribution of preprinted retail advertising inserts. The preprinted retail advertising inserts for durable and semi-durable goods targeted for inclusion in "new" Valassis mail packages are a major component of that market.

Newspapers compete in that market directly with Valassis Direct Mail and other direct mailers. This market has already been accurately described by the Public Representative in this proceeding, and the Public Representative's discussion of midweek and weekend circulars is quite accurate. See Comments of the Public Representative in Response to Order No. 1330 at 4-5 (May 24, 2012).

As both NAA and ValPak have previously noted in this proceeding,

Professor John Panzar testified in Docket No. MC2002-2 that the effects on all

participants in a downstream market must be evaluated when an optional tariff

(NSA rates) is offered to one provider of an input in the provision of other

products:

In the case of postal services, volume discounts are likely to be offered to business users. For these mailers, postal services are used as an input in the provision of other products [such as preprinted advertising inserts] and services to other businesses

and final consumers. This complicates the analysis considerably.

First, the input demand curves of firms that compete in the final product markets [here, newspapers and Valassis] are necessarily interdependent. This interdependence causes the breakdown of the elegant Pareto improvement argument in support of optional tariff offerings. Indeed, one cannot even presume that the introduction of optional tariff offerings will increase total surplus in the market.

Because newspapers and Valassis have interdependent demand curves for postal services, the relevant market includes both. As ValPak quoted Professor Panzar, where an optional tariff is introduced in a market with interdependent demand functions:

In the new market equilibrium: (1) the market price of output falls; (2) the output of the favored firm increases; and (3) the output, input purchases, and profits of firms not receiving the discount decrease."

Testimony of John Panzar, Docket No. MC2002-2 at 14-16.

- 2. To assist the Commission in determining the Valassis NSA's financial impact on the Postal Service as required by 39 U.S.C. 3622(c)(10)(A)(i):
 - a. Please provide a quantitative analysis of the expected loss in contribution primarily attributable to the Valassis NSA (in pieces and postage pounds), including lost revenues from mailers that are not a party to the agreement. Please include all supporting workpapers.
 - b. For each contract year that the Valassis NSA is scheduled to be in effect, please provide estimates of Total Mail Coverage (TMC) volumes (in pieces and postage pounds) currently delivered by the Postal Service that are likely to be diverted to private (nonpostal) carriers primarily as a result of the Valassis NSA. Explain the basis for your estimates.

Response:

Responses to this and other questions asked by the NOI are based in part on a survey conducted by NAA in May 2012, after the proposed NSA was announced. The Declaration of Jim Conaghan describes the survey methodology, and more detailed response data are being filed concurrently under confidential seal. As Mr. Conaghan describes, the number of newspapers that responded to the NAA survey was 403 out of 806 member daily newspapers contacted – a 50 percent response rate. NAA projected the responses to an industry-wide basis using standard survey methodology.

a. NAA's Opposition (filed May 23, 2012) stated (at 4): "According to a recent survey of the NAA membership, newspapers spend approximately \$500 million each year on postage for TMC delivery." Results from that survey also indicated that the NSA, if approved, would cause newspapers to move TMC pieces out of the mail into either newspaper carriers or alternative delivery, which could result in a projected loss of mail volume

of 1.1 billion pieces, and lost postage revenue to the Postal Service of \$199 million, rounded in NAA's Opposition to \$200 million. Conaghan Declaration. Although NAA recognizes that this is an approximation (and that the Postal Service did not provide a corresponding number), it is also consistent with survey information NAA has previously made public from earlier years and with industry trends.

That \$200 million in lost postage revenue annually is an apples-to-apples comparison to the high-end estimate of a three-year total of \$107 million in "new" postage revenue from the Valassis NSA. Because the term of the NSA would be three years, the \$200 million annually in lost postage equates to \$600 million in lost postage from TMC programs over the life of the NSA – which compares to the \$107 million in "new" postage claimed by the Postal Service.

Question 2(a) asks for net contribution, which is the most appropriate test for net financial effect. The newspaper TMC revenue is more profitable to the Postal Service on a per piece basis than the NSA revenue. The Postal Service has negotiated away two-thirds of the unit contribution back to Valassis in the form of the rebates, which is why the high-end net contribution that the Postal Service asserts that the NSA would generate is only \$15.3 million (or only \$0.0348 per piece). It is obvious that the total contribution from \$600 million of undiscounted Standard Saturation and High Density mail would dwarf \$15.3 million.

NAA notes that a number of newspaper companies filed comments previously in this proceeding regarding the amount of current TMC postage that the Postal Service is putting at risk if the Valassis NSA were approved. The NAA survey results indicate that \$199 million in TMC postage would leave the mail if the NSA were approved (see Conaghan Declaration) – an amount that dwarfs the \$33.8 million to \$107 million in "new" revenue estimated by the Postal Service in this case, and dwarfs the institutional cost contributions still more. This is mail that the Postal Service has today – not speculative future pieces that may or may not ever exist under an NSA.

For reasons that NAA does not understand, the Postal Service seems to assume that current TMC mail will simply continue to remain in the system regardless of how favorably their competitor is treated, and that there is no connection between the favorable treatment it gives Valassis and the willingness of newspapers to mail TMC products. Such an assumption is naïve.

And newspapers' existing mail today is far more profitable to the Postal Service than the severely-rebated mail Valassis would send pursuant to the NSA.¹ As NAA and the Public Representative pointed out in their comments, Valassis would have to mail at least 2 ½ pieces of its low-margin NSA mail just to replace every piece of TMC mail that leaves

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USPS Notice, Attachment F, estimates net contribution to the Postal Service from the NSA as ranging from a low of \$4,745,972 to a high of \$15,341,600 in total over the three years of the NSA.

the postal system, before the Postal Service could see any net financial benefit.

b. NAA expects that much if not all of the 1.1 billion pieces of TMC mail that would leave the postal system in response to the NSA would do so in the first year, and would remain out of the mail for the duration of the agreement. NAA does not have information by pounds, as the survey was conducted before the NOI was issued.

For newspapers moving out of the mail, there would be a compelling financial reason to do so quickly. If the Valassis NSA took effect, newspapers will either lose advertising business from national retailers of durable and semi-durable goods, or will have to lower advertising rates to keep the business. Either case would significantly reduce revenues that support the editorial product. (The precise effect would vary by locality.) According to the NAA survey, durable and semi-durable goods advertising by national retailers represents \$2.5 billion in revenue in the last year, which is about 47 percent of the entire preprint advertising business newspapers received during the week and weekend. These ads are 70 percent of newspapers' weekend preprint business.

Preprint advertising revenues are a vital revenue stream that helps subsidize the editorial product. Based on the recent NAA survey, NAA's Opposition estimated that about \$1 billion would be at risk as a result of the NSA. The survey data submitted under seal provides more detail.

Faced with a large reduction in revenue, what would a newspaper do? It is well-documented that newspapers have already had to make painful decisions in cutting costs. They have reduced editorial and business staff, as well as, in some cases, frequency of publication. One of the only remaining cost cutting measures is moving TMC pieces out of the mail into lower cost nonpostal distribution.

Several commenters have suggested that if it were in newspapers' interests to move TMCs into private delivery, they would (or should) have done so already. Others wonder why, if advertising for durable goods appears mostly in weekend preprints, and less so in midweek (which may be true of some newspapers but not others), the NSA would have any effect on midweek TMC mailings. Those comments demonstrate a misunderstanding of the market.

The first point to bear in mind is that newspaper TMC programs would prefer to be in the mail. They perceive an advantage to deliver in the mailbox. In addition, newspapers typically have received excellent service from the Postal Service in the delivery of their TMC products.

Despite potential cost savings, many newspapers would prefer not to have to manage private delivery forces, which are characterized by high turnover and low morale (the GPS devices which the Postal Service deems a technological breakthrough for private delivery firms are simply a device to monitor delivery). The Postal Service has monitored its letter carriers for years.

For these reasons, newspapers have historically been willing to pay a premium for mail delivery, which newspapers believe advertisers and recipients value. But there comes a tipping point where the luxury is no longer affordable. A direct attack on the free-standing inserts that constitute approximately 47 percent of newspaper preprint revenues are such a tipping point. Either the ads will leave the newspaper or the newspapers will lose revenue through reduced rates. At that point, newspapers will have no real option but to look to cut costs that they would prefer not to cut. That includes postage for the midweek TMC, even if that package does not currently contain durable and semi-durable goods advertising from national retailers.

Second, advertising by national retailers of durable and semi-durable goods often are "anchor" pieces about which a mailed TMC package can be built. If that advertising were lost, the viability of the entire package may suffer. Even if the package remains, the postage would be less due to the reduced weight (and if the ad moves to the Valassis package and that package remains within the flat rate between 6.5 and 9 ounces, would produce NO additional postage revenue for the Postal Service). A mailed TMC that lost the national durable and semi-durable goods advertising might leave the mail and continue to exist in smaller form. Or, it may simply disappear. The Postal Service is simply incorrect in assuming that a TMC package would simply continue as before if one

or two (or more) durable or semi-durable goods preprints were taken from the package.

NAA does not expect all newspaper TMC programs to leave the mail. Whether one does or does not leave would be up to individual newspapers to decide based on local circumstances. Two-thirds of the respondents to the NAA survey indicated that their TMC programs would remain in the mail. But enough newspapers have indicated that they would take some or all of their TMC mailings out of the postal system that the NSA would create a net financial loss for the Postal Service.

In its Notice, the Postal Service states "[s]aturation mailers are increasingly looking to private delivery options, and newspapers are extending their reach through Total Market Coverage and Sunday Select (distribution to non-subscribers) delivered via nonpostal carriers." Notice at 3. Please provide any available data on the diversion of advertisement circulars that were historically delivered by the Postal Service that are now delivered by private (nonpostal) carriers.

Response:

NAA does not track data on the so-called "diversion" of advertising circulars. NAA has information regarding the use of the mail by newspaper TMC programs, based on member surveys it has conducted from time to time.

Based on surveys conducted in the 2000's, NAA calculated that newspapers were spending up to a peak, in 2008, of about \$800 million annually on postage to mail TMC products. That total has since declined, as the Postal Service acknowledges. *Reply Comments of the United States Postal Service* at 11. But that does not necessarily mean that advertising circulars "migrated." It is possible that advertising circulars in mailed TMC programs earlier in the 2000's, by 2010: (1) paid less postage because they became lighter as advertising suffered during the recession; (2) shifted to a saturation direct mailer, perhaps adding to an existing piece with no change in postage; (3) ceased to be distributed at all due to economic conditions; or (4) have left the mail.

NAA believes that relevant to this Question is why newspaper TMC postage declined in the late 2000's. There are two major reasons.

One was the recession, which reduced advertising generally.

However, another very important factor was postage rates. In recent years, the Postal Service has deliberately favored saturation mailers over newspaper TMC programs by manipulating postage rates to widen greatly the difference between Saturation rates and High Density rates, which as of 2008 accounted for about 64 percent of newspaper TMC mail, according to NAA data. NAA notes that in its *Reply Comments* [at 11], the Postal Service asserts that in FY2011, about 66 percent of newspaper TMC postage paid lower Saturation rates and 34 percent paid the relatively higher High Density rates. NAA has no ability to check those data, but that change in the proportion of Saturation and High Density rates used by newspaper TMC programs is not inconsistent with other data that is available to NAA.

Although a small rate difference between Saturation and High Density flats rates has existed since 1991, this was only 0.7 cents per piece in 2001. The Postal Service increased that gap to 0.9 cents in 2002, but in 2007 doubled the rate difference between Saturation and High Density flats to 1.8 cents. The justification was the inclusion of detached address labels in the saturation rate, even though ADVO (Valassis' predecessor) had decided to stop using DALs. The rate savings presumably helped to offset the cost of ADVO moving to onpiece addressing – something that newspapers had been doing with TMCs for years. As a result, a newspaper TMC program paying High Density rates had to pay \$18 more per thousand in postage. At the same time, the Postal Service consistently sought to reduce the pound charge in an effort to shift preprints to saturation mail.

The Postal Service expanded the rate advantage Saturation mail enjoyed over High Density yet again in 2009, increasing the difference between the Saturation and High Density flats rates from 1.9 cents to 2.6 cents. It did so by raising High Density flats rates by 5 to 11 percent while holding Saturation flats essentially unchanged. That placed High Density mailers at a \$26 per thousand disadvantage, which is a significant amount.

But the actual disadvantage was even greater, as the Postal Service in 2009 also began to introduce incentive discounts for Saturation programs.

These incentives were repeated in different forms in following years. Although the Postal Service notes that some newspaper TMC programs that use Saturation rates were able to avail themselves of these discounts, it ignores that many were unable to do so.

The increase in the rate difference between the Saturation and High

Density rates in a few short years from 0.9 cents to 2.6 cents had a severe effect
on newspaper TMC programs. Even programs that "blended" Saturation and

High Density rates – because they pay Saturation rates on some routes and High

Density rates on others -- faced materially higher rates than their Saturation
competitors.

As a result, some newspaper TMC programs, faced with a Postal Service that consistently gave their competitors rate breaks and more favorable service, did the logical step of leaving for lower cost alternatives for some of their TMC mail. A study by Mather Economic LLC commissioned by NAA and cited by the Postal Service concluded that newspaper TMC programs paid \$80 million less in

postage in 2009 due to the higher postage rates (after isolating the effect of the recession), on top of \$40 million less the year before, for a two-year loss of \$120 million. The Mather analysis also projected that the ongoing rate disadvantage would cause another \$134 million in TMC postage to leave the mail in 2010, and these losses would persist in the following years. Most of these programs moved to private delivery.

The Mather analysis and real-world conversations with members both attribute much of these shifts out of the mail to private delivery as a business response to the Postal Service's rate policies. Contrary to the Postal Service's view (*Reply Comments* at 11), the responsibility for this migration rests with decisions made by the Postal Service.

NAA remains perplexed as to why the Postal Service does not seem to regard newspaper TMC programs as a valued growth area to be nurtured rather than as a target to be raided. During the 2000's, the volume of newspaper TMCs in the mail increased substantially as circulation declined and newspapers sought to achieve advertisers' total market distribution objectives. Instead of taking advantage of this opportunity with newspapers, the Postal Service decided to raise High Density rates and give saturation mailers rate advantages in the hope of facilitating their efforts to target newspaper preprint advertising, thus driving TMC programs away.

Finally, the preprints in "Sunday Select" packages typically have never been in the mail. Sunday Select packages are delivered by newspaper carriers on Sundays to complement the Sunday newspaper. In general, these

advertising circulars never were in the mail, but are being delivered to homes that used to get the paper on Sunday. There are essentially no 'new' carriers and no 'new circulars'; for the most part the same carriers are delivering the same circulars to many of the same houses. Only the delivered package has changed.

4. Please explain the availability and nature of enterprises in the private sector engaged in the delivery of advertisements for firms that sell or distribute semi-durable and durable goods nationally. See 39 U.S.C. 3642(b)(3)(A).

Response:

The role of newspapers in preprint advertising distribution is described above in responses to several questions. NAA is aware that a small number of firms are in the business of providing private delivery services in competition with the Postal Service, and some of these firms have been in business for decades. NAA has no information regarding whether any distribute advertising for national retailers of durable and semi-durable goods, other than that it is believed to be small.

5. Please provide information regarding the views of those who sell or distribute semi-durable and durable goods nationally, and/or those who sell or distribute advertising for firms that sell or distribute semi-durable and durable goods nationally on the appropriateness of the Valassis NSA. See 39 U.S.C. 3642(b)(3)(B).

Response:

As the record in this docket clearly establishes, newspapers distribute advertising for retail firms that sell or distribute semi-durable and durable goods nationally. As the record also shows, newspapers strongly oppose the proposed NSA.

- 6. For purposes of this question, a small business concern is one that is in conformance with the requirements of section 3 of the Small Business Act. See 39 U.S.C. 3641(h).
 - a. If your organization qualifies as a small business under the Small Business Act, please indicate whether your organization sells or distributes semi-durable and durable goods nationally or sells or distributes advertising for firms that sell or distribute semi-durable and durable goods nationally.
 - b. Please provide specific examples of small business concerns likely to be impacted by the Valassis NSA, and discuss how representative those examples are of other small business likely to be impacted by the Valassis NSA. See 39 U.S.C 3642(b)(3)(C).

Response:

The Small Business Administration has adopted criteria for defining a small business in many business sectors. 13 C.F.R. Part 121. For newspapers, a "small business" is one having 500 employees or less. 13 C.F.R. §121.201 (NAICS Industry Subsector 511).

NAA does not have information regarding the employment levels of its member newspapers. Nearly 65 percent of NAA's member newspapers have newspaper circulations of 25,000 or less. Many of these newspapers serve small towns or suburban areas and most likely qualify as small businesses under the Small Business Act. For example, recently comments have been filed by The Cumberland (Md.) *Times-News* and the Tifton (Ga.) *Gazette*, which appear to satisfy the SBA definition. In addition, many members of the National Newspaper Association qualify as small businesses under the SBA definition.

Many of these newspapers that qualify as small businesses under the SBA definition could be harmed by the NSA. Based on information from the National Newspaper Association and from NAA's own members, most of them

distribute preprint advertising by national retailers of durable and semi-durable goods. The proposed NSA could have very disruptive effects in the advertising distribution market in which they compete, on local retailers in their markets, and on their financial ability to publish news and information in their communities.

7. Please discuss the meaning of a "similarly situated mailer" under 39 U.S.C. 3622(c)(10) as it relates to the Valassis NSA.

Response:

A similarly situated mailer should be any mailer that distributes packages of preprinted advertising to residential addresses. Such entities compete directly with Valassis Direct Mail for the right to distribute such advertising from retailers and merchants.

It should be noted that the Postal Service and Valassis define the market in an artificial manner that describes only Valassis and appears intended to read the "similarly situated" criterion out of the law for practical purposes. The artificial limitation is the restriction to a national mailer (and the two-year history in mailing). That is arbitrary. The mail subject to the NSA would have to be entered at local DDUs or SCFs. Valassis's national operations confer it with no unique ability to do so. Newspapers obviously are quite capable of distributing print advertising for national retailers of durable and semi-durable goods.

- 8. Please discuss whether each of these currently market-dominant subproducts would qualify as a competitive product under 39 U.S.C. 3642(b)(1).
 - a. Saturation Flats.
 - b. Saturation Parcels.
 - c. High Density Flats.
 - d. High Density Parcels.

Response:

Saturation Flats and High Density Flats do not qualify as competitive products under Section 3624(b)(1). Section 3624(b)(2) provides that a "product covered by the postal monopoly shall not be subject to transfer under this section from the market-dominant category of mail." Moreover, NAA believes as a matter of policy that under no circumstances should Saturation and High Density mail be transferred to the Competitive category without the mailbox exclusivity being eliminated.

Saturation and High Density flats – which newspapers and direct mailers use as they compete directly with one another to distribute preprint advertising — have long been products covered by the Private Express Statutes. 18 U.S.C. §1696. The PAEA curtailed the Postal Service's authority to revise the regulations defining when letters may be carried outside of the mails. 39 U.S.C. §601(b)(3); see also 39 U.S.C. §404a (prohibiting the Postal Service from establishing any rule or regulation establishing the terms of competition unless it

demonstrates that the regulation does not give it an unfair competitive advantage).

In addition, 39 U.S.C. §3642(b)(1) provides that market-dominant products are those for which the Postal Service "exercises sufficient market power that it can effectively set the price of such product substantially above costs, raise prices significantly, decrease quality, or decrease output, without risk of losing a significant level of business to other firms offering similar products." According to the Commission's Annual Compliance Determinations, the cost coverages consistently borne by Saturation and High-Density flats indicate that the Postal Service has pricing power with respect to those products just as it does for Presort First-Class letters. Those margins are precisely what enables the Postal Service to engage in price discrimination by offering Valassis extraordinary rebates – up to 36 percent of the price – through the NSA while relegating newspaper TMC programs to paying undiscounted High Density and Saturation rates.

The Postal Service's pricing power stems both from the postal monopoly and from its exclusive access to the mailbox. The mailbox exclusivity is a major factor in why mail distribution is generally considered preferable to alternate delivery. If Saturation and High Density mail ever were to be transferred to the Competitive category, the mailbox exclusivity would have to be eliminated.

At this time, NAA lacks sufficient information about the Parcel market to state a position as to Saturation Parcels and High Density Parcels.

9. For commenters alleging that the Valassis NSA would potentially cause them unreasonable harm, please provide the portion of your annual advertising revenue for the last two fiscal years which has come from advertising inserts for durable and semi-durable goods sold by companies that operated in 30 or more states.

Response:

Based on the responses to its recent survey, NAA estimates that national retailers of durable and semi-durable goods spent approximately \$2.5 billion in 2011 across thousands of newspapers and, as NAA indicated in its Opposition (at 6) up to \$1 billion in durable and semi-durable goods advertising would be at risk due to the NSA. See Conaghan Declaration.

These estimates are industry-wide. Specific numbers for particular newspapers vary widely. NAA refers the Commission to the submissions from individual newspapers for local examples of the importance of durable and semi-durable good advertising to newspapers.

Preprint advertising by national retailers selling durable and semi-durable goods (such as Sears, J.C. Penney, Best Buy, Lowe's, Macy's) constitutes about 47 percent of total newspaper preprint revenue (and 70 percent of the Sunday free standing insert business). See Conaghan Declaration. NAA believes that that figure is accurate for each of the past two years. This represents on average one-eighth of total newspaper advertising revenue. Again, however, the proportion of revenue from such advertising varies significantly from newspaper to newspaper. Some newspapers report that it can range to as much as 30 percent. The harmful effects will also vary by local market, and NAA again refers

the Commission to the submissions by individual newspapers for more specific information.

Newspapers also receive advertising revenue in the form of "run-of-press" or "ROP" advertising – the ads printed on the pages of a newspaper. Of course, newspapers receive classified advertising, which grew in the 1970s through the 1990s but has since declined significantly because of competition from the Internet. Newspapers also have begun to receive ad revenue for their digital products, but at present digital advertising revenues are nowhere close to replacing lost print advertising dollars. Preprint advertising has provided a stable and vital revenue stream that supports the news and information provided in the communities that newspapers serve.

- 10. For commenters alleging that the Valassis NSA would cause a net financial loss to the Postal Service due to lost TMC revenue, please provide the number of pieces and total postage pounds of TMC advertising inserts displaying durable and semi-durable goods sold by companies operating in 30 or more states, which, during the last 12 months, your organization:
 - a. Distributed via the Postal Service; and/or
 - b. Distributed via private delivery carriers or through other delivery methods.

As used in this question, the term "advertising inserts" refers to advertising that is separate and physically segregated from a publication.

Response:

NAA does not have industry-wide information responsive to this question.

NAA believes that newspapers distribute durable and semi-durable goods advertising in the weekend newspaper or Sunday Select package, and also during the week, much of the latter by mail. NAA is aware that for some newspapers, such advertising is a large component of the weekend package, but it is also aware that for other newspapers such advertising is important to the midweek TMC package. NAA refers the Commission to the responses being filed by individual newspapers for more information.

More importantly, Question 10 appears to assume that TMC pieces that would leave the mail are necessarily those containing durable and semi-durable goods advertising. That is an incorrect assumption. See Response to Question 2(b).